



STATE OF NEVADA  
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

**MANUAL KENO**

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
3. Is keno equipment maintenance independent of the keno function?	_____	_____	_____
4. Does keno maintenance report irregularities to management personnel independent of keno, either in writing or verbally?	_____	_____	_____

***Game Play***

5. Is the individual controlling inside tickets either:			
a. Precluded from writing and making payouts, including during writer's break periods? or	_____	_____	_____
b. Are all winning tickets written by him with payouts exceeding \$25.00 verified, regraded, and compared to the inside ticket by another keno employee?	_____	_____	_____
c. If the answer to Question 5(a) is "no", does that individual write tickets out of his own predesignated writer's station and bank (unless a community bank is used)?	_____	_____	_____
6. If the licensee's total keno write is greater than or equal to \$500,000 for the 12-month period ended June 30, does the licensee prohibit a keno game to be operated by one person?	_____	_____	_____
7. For a keno game being operated by one person:			
a. Is the licensee's total keno write less than \$500,000 for the 12-month period ended June 30? and	_____	_____	_____
b. Are the additional audit procedures in Question 47 performed?	_____	_____	_____

**Testing of Questions 8-10 is required.**

**Scope: Select 10 outside and 10 inside keno tickets per day for 2 days per year. Test days must be in non-consecutive months.**

8. Are both inside (ticket presented by customer for play) and outside (receipt ticket given customer by keno writer) keno tickets stamped with (as applicable to the system being used):			
a. The date?	_____	_____	_____

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b. Ticket sequence number?	_____	_____	_____
c. Game number?	_____	_____	_____
<b>9.</b> Does the ticket indicate that it is multi-race (if applicable)?	_____	_____	_____
<b>Scope: Select 10 openers and 10 closers per day for 2 days per year. Test days must be in non-consecutive months.</b>			
<b>10.</b> Are the game openers and closers stamped with:			
a. The date?	_____	_____	_____
b. Ticket sequence number?	_____	_____	_____
c. Game number?	_____	_____	_____
d. If not, is there an alternative which provides the same control?	_____	_____	_____
11. Do controls exist to ensure that inside tickets have been received from outstations prior to calling of a game?	_____	_____	_____
12. Do controls exist to prevent the writing and voiding of tickets after a game has been closed?	_____	_____	_____
<b>Testing of Questions 13-14 is required.</b>			
<b>Scope: Select payout documentation for 2 shifts per year. Test shifts should be in non-consecutive months.</b>			
<b>13.</b> Is a legible restricted copy of written keno tickets created (carbonized locked box copy, microfilm, videotape, etc.) for, at a minimum, all winning tickets exceeding \$30.00?	_____	_____	_____
14. If a legible restricted copy of written keno tickets is not created (carbonized locked box copy, microfilm, videotape, etc.) for winning tickets of \$30.00 or less is the desk person precluded from writing tickets?	_____	_____	_____
15. Are procedures established for locking out or closing down all mechanisms for ticket writing/filming and time stamp equipment while keno balls for that race are being selected?	_____	_____	_____

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<b>16.</b> When it is necessary to void a ticket which contains the sequence number, is the ticket designated as "void" and initialed or signed by at least one person?	_____	_____	_____
<b><i>Number Selection</i></b>			
<b>17.</b> Is a camera utilized to film the following both prior to, and subsequent to, the calling of a game:			
a. Empty rabbit ears?	_____	_____	_____
b. Date and time?	_____	_____	_____
c. Game number?	_____	_____	_____
d. Full rabbit ears?	_____	_____	_____
<b>18.</b> Does the picture of the rabbit ears on the camera provide a legible identification of the numbers on the balls drawn?	_____	_____	_____
<b>19.</b> Do keno personnel produce a draw ticket as numbers are drawn which contains:			
a. The race number?	_____	_____	_____
b. Numbers drawn?	_____	_____	_____
c. Date?	_____	_____	_____
d. Verification to the balls drawn by a second keno employee?	_____	_____	_____
<b>20.</b> Are there procedures in effect which prevent unauthorized access to keno balls in play?	_____	_____	_____
<b>21.</b> Are back-up keno ball inventories secured in a manner to prevent unauthorized access?	_____	_____	_____
<b>22.</b> Are effective procedures established for inspecting new keno balls put into play as well as for those in use?	_____	_____	_____

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<b><i>Winning Ticket Verification and Payment</i></b>			
<b><u>23.</u></b> Are all winning tickets compared with the draw ticket by the writer before being paid, marked with evidence that the ticket was "paid" and marked with the amount of the payout?	_____	_____	_____
<b>24.</b> Are payouts over a predetermined amount (not to exceed \$30.00) verified by actual examination of the inside ticket?	_____	_____	_____
<b><u>25.</u></b> Do wins over a specified dollar amount (not to exceed \$10,000 for locations with annual keno write in excess of \$5,000,000 and \$3,000 for all other locations) also require the following:			
<b><u>a.</u></b> Approval of management personnel independent of the keno department evidenced by their signature?	_____	_____	_____
<b>b.</b> Examination of films of rabbit ears prior to and after the game is called to determine that the same numbers called were not left up from the prior game and to verify the accuracy of the draw ticket?	_____	_____	_____
<b>Note: If necessary, film may be developed as soon as possible after payouts.</b>			
<b>c.</b> Regrading of the inside ticket and comparison of both the winning ticket presented for payment and the inside ticket to the restricted copy (machine copy, microfilm, videotape, etc.)?	_____	_____	_____
<b><u>d.</u></b> Documentation of procedures described above for later verification and reconciliation by the keno audit process on a ball check form?	_____	_____	_____

***Check Out Standards***

Testing of Question 26 is required.

Scope: Select 1 summary report per day for 2 days per year. Test days must be in non-consecutive months.

**26.** Is a cash summary report (count sheet) prepared for the end of every shift which includes:

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a. Computation of cash proceeds for the shift by bank (i.e., community bank or individual writer banks, whichever is applicable)?	_____	_____	_____
b. Signatures in ink of two employees who have verified the cash proceeds recorded in the above computation?	_____	_____	_____

***Statistics***

<u>27.</u> Are records maintained which include (for each licensed game) win, write, and win-to-write hold percentage for:			
a. Each shift?	_____	_____	_____
b. Each day?	_____	_____	_____
c. Month-to-date?	_____	_____	_____
d. Year-to-date?	_____	_____	_____
28. Does non-keno management review keno statistical information at least on a monthly basis and investigate any large or unusual statistical fluctuations?	_____	_____	_____
<u>29.</u> Are such investigations documented and maintained?	_____	_____	_____

***Key Control***

30. Are keys to locked box tickets maintained by a department independent of the keno function?	_____	_____	_____
31. Is someone independent of the keno department required to accompany such keys to the keno area and observe repairs or refills each time locked boxes are accessed?	_____	_____	_____
32. Is the master panel, which safeguards the wiring that controls the sequence of the game, locked at all times to prevent unauthorized access?	_____	_____	_____
33. Are master panel keys maintained by a department independent of the keno function?	_____	_____	_____

STATE OF NEVADA  
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

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34. Is someone independent of the keno department required to accompany such keys to the keno area and observe repairs, etc., each time the master panel is accessed?	_____	_____	_____
35. Are microfilm machine keys maintained by personnel who are independent of the keno writer function?	_____	_____	_____
36. Is someone independent of the keno writer function (e.g., a keno supervisor who doesn't write or someone independent of keno) required to observe each time the microfilm machine is accessed by keno personnel?	_____	_____	_____
37. Is the keno equipment discussed above always locked when not being accessed?	_____	_____	_____
38. Are all electrical connections wired in such a manner so as to prevent tampering?	_____	_____	_____
39. Are duplicate keys to the above areas maintained independently of the keno department?	_____	_____	_____

***Keno Audit***

40. Is the keno audit function independent of the keno shift being audited for the next <u>two</u> requirements (41 and 42)?	_____	_____	_____
41. Do keno audit personnel foot write (either inside ticket or restricted copy) and payouts (customer copy) to arrive at an audited win/loss by shift?	_____	_____	_____
<b><u>42.</u></b> Do keno audit personnel obtain an audited win/loss for each bank (i.e., individual writer or community)?	_____	_____	_____
43. Is the keno audit function is independent of the keno department for the next <u>five</u> requirements (44-48)?	_____	_____	_____
44. Are the keno receipts (net cash proceeds) compared with the audited win/loss by keno audit personnel?	_____	_____	_____
45. Are major cash variances (i.e., overages or shortages in excess of \$25.00) noted in the preceding comparison investigated on a timely basis?	_____	_____	_____

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46. On a sample basis (for at least one race per shift or ten races per week) do keno audit personnel perform the following, where applicable:			
a. Select a sample whereby the majority of the races in the sample selected must contain payouts in excess of \$100.00 but less than the amount established for the independent verification required by Question #25?	_____	_____	_____
b. Regrade winning tickets utilizing the payout schedule and draw tickets and compare winning tickets (inside and outside) to restricted copies (locked box copy, developed microfilm, videotape, etc.) for 100% of all winning tickets of \$100.00 or greater and 25% of all winning tickets under \$100.00 for those races selected?	_____	_____	_____
c. Either review sequential numbering on inside tickets (microfilm and videotape systems) to ensure that tickets have not been destroyed to alter the amount of write? <u>or</u>	_____	_____	_____
d. Compute write from developed film and compare to write computed from inside tickets?	_____	_____	_____
e. Review restricted copies for blank tickets and proper voiding of voids?	_____	_____	_____
47. In addition to the above audit procedures, when a keno game is operated by one person:			
a. Are at least 25% of all other winning tickets regraded?	_____	_____	_____
b. Are at least 10% of all tickets traced to the restricted copy?	_____	_____	_____
c. Is the film of rabbit ears randomly compared to draw tickets for at least 25% of the races?	_____	_____	_____
48. Are draw tickets compared to rabbit ears film for at least five races per week with payouts which do not require draw ticket verification independent of the keno department? (The draw information can be compared to the rabbit ears at the time the balls are drawn provided it is done without the knowledge of keno personnel and it is subsequently compared to the keno draw ticket.)	_____	_____	_____



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49. Are audit procedures performed within one month following the transaction?	_____	_____	_____
<b>50.</b> Is documentation (e.g., logs, checklists, etc.) maintained evidencing the performance of all keno audit procedures?	_____	_____	_____
<b>51.</b> Does non-keno management review keno audit exceptions, perform investigations into unresolved exceptions and document results?	_____	_____	_____

***Miscellaneous***

<b>52.</b> Are all copies of all keno tickets and the film of the rabbit ears maintained for at least 7 days?	_____	_____	_____
53. Are all copies of winning keno tickets of \$1,500 or more maintained for at least five years? This includes restricted copies (microfilm, videotape, etc.).	_____	_____	_____

**Note: The restricted copy may be maintained in the form of a copy made from the microfilm, videotape, etc.**

***Multi-Race***

54. Are procedures established to notify keno personnel immediately of large multi-race winners to ensure compliance with Question 25?	_____	_____	_____
55. Do controls exist to ensure that keno personnel are aware of multi-race tickets still in process at the end of a shift?	_____	_____	_____